



Report to the Successor Agency to the Dissolved AUDA

Action Item
Agenda Item No. **2**

City Manager's Approval

To: Honorable Mayor and Members of the City Council, Serving as Successor Agency to the Dissolved Auburn Urban Development Authority

From: Robert Richardson, City Manager
Andy Heath, Administrative Services Director

Date: February 25, 2013

Subject: Consideration of approving and adopting an update of the Recognized Obligation Payment Schedule pursuant to Health and Safety Code section 34177

The Issue

Shall the City Council adopt a resolution approving and adopting an update to the Recognized Obligation Payment Schedule pursuant to Health and Safety Code section 34177?

Action Requested

It is recommended that the City Council, by **RESOLUTION**, approve and adopt an update to the Recognized Obligation Payment Schedule pursuant to Health and Safety Code section 34177.

Background

On June 28, 2011, as part of the 2011-2012 State of California budget bill, companion bills Assembly Bill 1X 26 ("AB 26") and Assembly Bill 1X 27 ("AB 27") were enacted, dissolving the Auburn Urban Development Authority ("AUDA"), unless the City of Auburn ("City") elected to participate in the "Alternative Voluntary Redevelopment Program" established by AB 27 and paid an annual "community remittance" payment to the County of Placer. On July 18, 2011, a Petition for Writ of Mandate was filed in the Supreme Court of the State of California in the matter of *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861 ("Legal Action"), challenging the constitutionality of AB 26 and AB 27 on behalf of cities, counties and redevelopment agencies. On December 29, 2011, the Supreme Court issued its opinion in the Legal Action, upholding AB 26, invalidating AB 27, extending certain statutory

deadlines under Health and Safety Code Sections 34170 through 34191, and dissolving all redevelopment agencies throughout the State, effective February 1, 2012.

Analysis

The City elected to become the successor agency to AUDA by Resolution No. 12-03, dated January 9, 2012. One of the responsibilities of the City, as successor agency, is to prepare Recognized Obligation Payment Schedules (“ROPS”), which sets forth the nature, amount, and source(s) of payment of all “enforceable obligations” of AUDA (as defined by law) to be paid by the successor agency after AUDA’s dissolution, covering the forward-looking six month fiscal period.

The “enforceable obligations” listed in the ROPS may include the following: bonds; loans legally required to be repaid pursuant to a payment schedule with mandatory repayment terms; payments required by the federal government, preexisting obligations to the state or obligations imposed by state law; judgments, settlements or binding arbitration decisions that bind the agency; legally binding and enforceable agreements or contracts; contracts or agreements necessary for the continued administration or operation of the agency, including agreements to purchase or rent office space, equipment and supplies; and amounts borrowed from or payments owing to the Low and Moderate Income Housing Fund of a redevelopment agency, which had been deferred as of June 29, 2011. However, the ROPS is to exclude pass-through payments to be made by the county after dissolution of AUDA and any agreements, contracts or arrangements between the City and AUDA, except any of the following agreements between the City and AUDA: (1) any written agreements between the City and AUDA entered into prior to December 31, 2010, solely for the purpose of securing or repaying indebtedness obligations to third parties; and (2) loan agreements entered into between the City and AUDA within two years of the date of creation of AUDA.

Pursuant to Health and Safety Code section 34177(I)(2), as modified by the Supreme Court’s opinion in the Legal Action, the City, as successor agency, is required to prepare updated ROPS covering a forward looking six-month period. As such, the ROPS for the period July 1, 2013 – December 31, 2013 must be approved by the Successor Agency and Oversight Committee and received by the State and County by March 1, 2013.

The City, as successor agency, has prepared an updated ROPS covering the period from July 1, 2013 through December 31, 2013. The ROPS presented herein is submitted in a new, simplified format recently released by the State Department of Finance. The new format includes a “true-up” schedule for obligations reported and actually paid during the period July 2012 – December 2012.

Alternatives Available to the Council; Implications of Alternatives

1. By **RESOLUTION**, approve and adopt an updated Recognized Obligation Payment Schedule pursuant to Health and Safety Code section 34177.
2. Do not adopt a resolution. As successor agency to the former Auburn Urban Development Authority, the City is required to adopt an updated Recognized Obligation Payment Schedules for consideration by the Oversight Committee.

Fiscal Impact

City funds expended to prepare the updated ROPS are considered within the administrative reimbursement component of funds to be allocated from the Redevelopment Property Tax Trust Fund, to the extent available.

Attachment – Updated ROPS

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AUBURN,
SERVING AS THE SUCCESSOR AGENCY TO THE DISSOLVED
AUBURN URBAN DEVELOPMENT AUTHORITY, APPROVING AND
ADOPTING AN UPDATE OF THE RECOGNIZED OBLIGATION
PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY CODE
SECTION 34177**

WHEREAS, pursuant to Health and Safety Code Section 34173(d), the City of Auburn ("Successor Agency") elected to become the successor agency to the Auburn Urban Development Authority by Resolution No.12-03 on January 9, 2012; and

WHEREAS, Health and Safety Code Section 34183, as modified by the Supreme Court decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861, requires the Successor Agency to prepare updated recognized obligation payment schedules ("ROPS") for each six month fiscal period beginning January 1 and July 1 each year; and

WHEREAS, Health and Safety Code Section 34177(l)(2) requires the Successor Agency to submit the updated ROPS to an external auditor, either the Placer County Auditor-Controller or its designee, for the auditor's review and certification as to its accuracy; and

WHEREAS, Health and Safety Code Section 34177(l)(2) requires the Successor Agency to submit the ROPS certified by the external auditor ("Certified ROPS") to the Successor Agency's oversight board for its approval, and upon such approval, the Successor Agency is required to submit a copy of the approved ROPS ("Approved ROPS") to the Placer County Auditor-Controller, the California State Controller, and the State of California Department of Finance, and post the Approved ROPS on the Successor Agency's website; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF AUBURN,
SERVING AS THE SUCCESSOR AGENCY TO THE AUBURN URBAN
DEVELOPMENT AUTHORITY, DOES HEREBY RESOLVE AS FOLLOWS:**

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. CEQA Compliance. The approval of the updated ROPS through this Resolution does not commit the Successor Agency to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

Section 3. Approval of Updated ROPS. The Successor Agency hereby approves and adopts the updated ROPS, in substantially the form attached to this Resolution as Exhibit A, as required by Health and Safety Code Section 34177.

Section 4. Transmittal of Updated ROPS. The City Manager is hereby authorized and directed to take any action necessary to carry out the purposes of this Resolution and comply with applicable law regarding the updated ROPS, including submitting the updated ROPS to the Placer County Auditor-Controller, or its designee, the submission of the Certified ROPS to the Successor Agency's oversight board, upon the oversight board's formation, the submission of the Approved ROPS to the Placer County Auditor-Controller, the California State Controller, and the State of California Department of Finance, and posting the Approved ROPS on the Successor Agency's website.

Section 5. Effectiveness. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City of Auburn, serving as the successor agency to the Auburn Urban Development Authority, on the 25th day of February 2013, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Mayor

ATTEST:

City Clerk

EXHIBIT A

UPDATED RECOGNIZED OBLIGATION PAYMENT SCHEDULE

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Filed for the July 1, 2013 to December 31, 2013 Period

Name of Successor Agency: AUBURN (PLACER)

| Outstanding Debt or Obligation | Total |
|--------------------------------------|-------------|
| Total Outstanding Debt or Obligation | \$8,664,334 |

| Current Period Outstanding Debt or Obligation | Six-Month Total |
|--|-----------------|
| A Available Revenues Other Than Anticipated RPTTF Funding | \$0 |
| B Enforceable Obligations Funded with RPTTF | \$329,948 |
| C Administrative Allowance Funded with RPTTF | \$54,000 |
| D Total RPTTF Funded (B + C = D) | \$383,948 |
| E Total Current Period Outstanding Debt or Obligation (A + B + C = E) Should be same amount as ROPS form six-month total | \$383,948 |
| F Enter Total Six-Month Anticipated RPTTF Funding | \$0 |
| G Variance (F - D = G) Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding | (\$383,948) |

Prior Period (July 1, 2012 through December 31, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))

| | |
|--|-----------|
| H Enter Estimated Obligations Funded by RPTTF (lesser of Finance's approved RPTTF amount including admin allowance or the actual amount distributed) | \$170,671 |
| I Enter Actual Obligations Paid with RPTTF | \$127,623 |
| J Enter Actual Administrative Expenses Paid with RPTTF | \$48,997 |
| K Adjustment to Redevelopment Obligation Retirement Fund (H - (I + J) = K) | \$0 |
| L Adjustment to RPTTF (D - K = L) | \$383,948 |

Certification of Oversight Board Chairman:

Pursuant to Section 34177(m) of the Health and Safety code,

I hereby certify that the above is a true and accurate Recognized

Obligation Payment Schedule for the above named agency.

Keith Nesbitt

Name

Chairman

Title

/s/

2/27/2013

Signature

Date

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